GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1094
ANSWERED ON:29.04.2016
Micro-Finance Institutions
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Will the Minister of FINANCE be pleased to state:

(a) whether absence of regulation by a central micro-finance authority, unauthorised agents are taking unwarranted advantage of small proprietors and if so, the details thereof;
(b) whether the NSSO data 2013 reveals that only 4 per cent of the 5.77 crore small business units in India are financed through institutionalised agencies and if so, the details thereof;
(c) whether the Government has any proposal to regularise these micro-finance institutions, by either assigning a regulatory role to the Reserve Bank of India or establishing an independent regulatory authority; and
(d) if so, the details thereof along with the steps taken by the Government in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) Depending upon the nature of organisational structure, ownership, level of operations etc., Micro Finance Institutions (MFIs) are regulated under extant laws and guidelines of the Reserve Bank of India (RBI) and money lending laws of State Governments. Complaints against NBFC-MFIs only are monitored by RBI. As per information furnished by RBI, a few complaints against NBFC-MFIs have come to notice which have been subsequently redressed

(b) 67th round of National Sample Survey Office (NSSO) covering Unincorporated Non-agricultural Enterprises (Excluding Construction) estimated the number of such enterprises in the country at 5.77 crore. It is estimated that the overwhelming majority of such enterprises continue to have limited access to institutional finance.

(c) & (d) NBFC-MFIs are regulated by RBI under the provisions of Chapter IIIB of the RBI Act, 1934. RBI has issued regulatory guidelines and Fair Practice Code for these NBFC- MFIs. RBI has given recognition to two Self Regulatory Organisations (SROs). MFIs which are members of these Self Regulatory Organisations (SROs) also adhere to a voluntary industry Code of Conduct.

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